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		/ 18	JA .		1;	2 DEC 1977	•
	1	KNI W	SI	28 DEC 1977		Executive Regi	
	MEMORANDUM FOR:	Director	of Cent	ral Inte	lligence		
	VIA:	Acting I	eputy Di	rector o	f Central	Intellig	ence
	FROM:				or Adminis	stration	
•	SUBJECT:	Agency (Cost Redu	ction Pr	ogram for	FY 1977	
	REFERENCES:	and subj	Heads of	Indepen ghting I	Deputy I dent Offic nflation a	ces fm DC	ΞI,
		Agen		Reduction	td 8 Jun n Program		ct:
	1. (U) Act The attachment to the Agency's inf for FY 1977 and activities for to activities for to reference b.	flation fi specifica the second	morandum ghting a lly outl half of	summari nd cost ines the FY 1977	zes the reconcion cost reduction. Cost re	esults of program action eduction	
.7	2. (U) Bac was inaugurated rising inflation summarized the pwith collating a cally reporting	in Novemb of the e program in and summar	er 1974 arly- an Februar izing co	as a mear d mid-19 y 1975 ar mponent	ns of cour 70's. Ref nd tasked reporting	itering t ference a the DDA and peri	he .odi-
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-	Attachment: As Stated		25)	X1			
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SUMMARY OF COST SAVINGS AND COST REDUCTION

FISCAL YEAR 1977

1.	(U)	COST	SAVINGS

Category

- I. Saving Achieved for Current Fiscal Year (1977)
- II. Annual Savings Anticipated for Future Years
- III. One-Time Savings
 Achieved During
 FY 1977--Not Reported
 in Categories I or II

	Amount	<u>in Millions</u>		
First Half FY 1977		Second Half FY 1977	Total FY 1977	

2. COST REDUCTION ACTIVITIES FOR THE SECOND HALF OF FY 1977

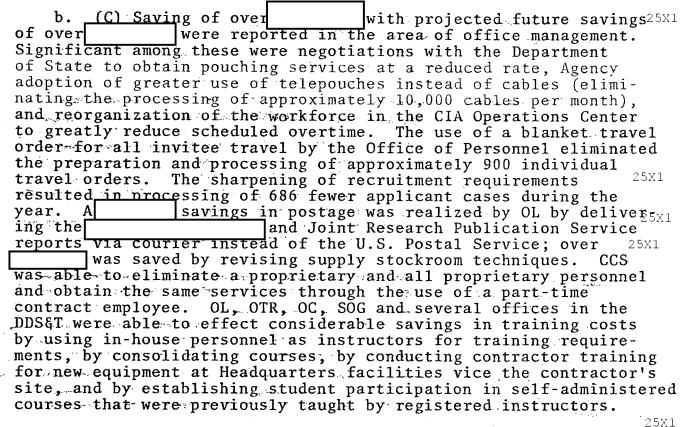
25X1

25X1 (C) Automatic data processing related cost savings are estimated at for the second half of FY 1977, with recurring annual savings estimated at Major savings in this area resulted from the following activities: NPIC required that software development, testing, and implementation be conducted by ADP contractor personnel onsite vice the contractor's site, effecting 90 percent saving in overhead costs; ORD acquired a special processor that is expected to 25X1 save 1000 hours of computer time, saving over lin the next 2 years; ORD also developed a new system of solving mathematical problems that resulted in a 13 percent savings in computer time. OSR and OCR also achieved significant savings by eliminating several data bases no longer needed and by expanding some current data bases to meet new applications, in lieu of purchasing new equipment. Other examples of economy measures taken in this area include OTR's switching to cassette tape storage instead of using permanent storage in the GE time-sharing system, and OL's use of computer output microfilm to replace the costlier hard copy computer printout. ODP computer systems

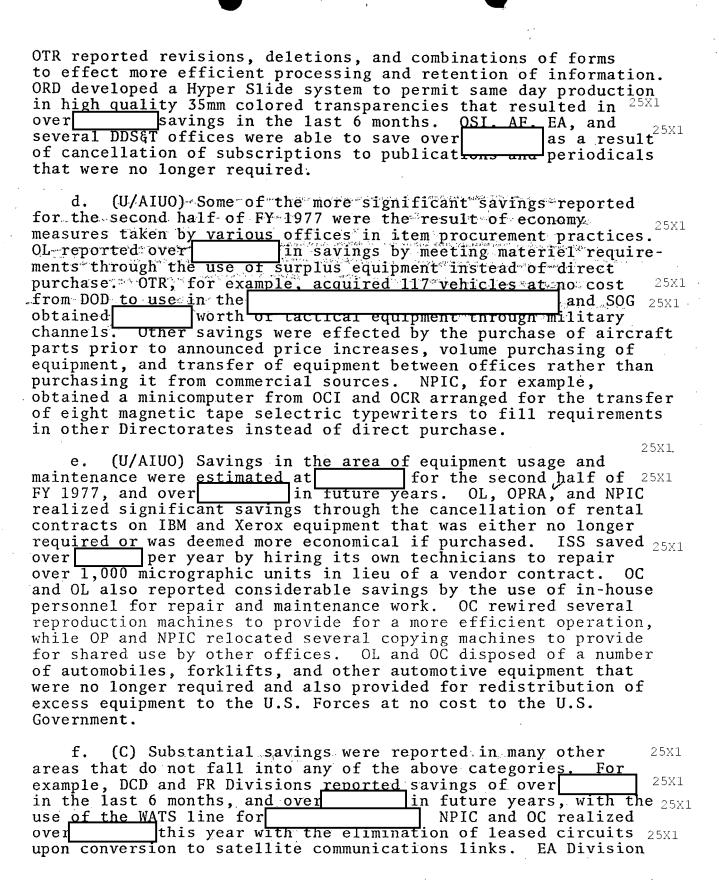
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were the target of similar cost savings measures. Changing from tape storage to disc storage resulted in a major reduction in elapsed processing time and overtime requirements for the payroll and human resources systems. A combination of eight retrieval and information systems that were no longer needed were eliminated. Several computer programs were developed or modified to significantly reduce clerical and analytical efforts and achieved substantial reduction in computer processing time. 25x1



(U/AIUO) Improved records management practices yielded in savings in the second half of FY 1977, with a potential savings of over in the coming years. Efforts in this direction include a substantial increase in the conversion of files and other hard copy information to microfiche, particularly in OCR, OTR, NPIC, and ISS. Many offices reported considerable savings in the purging, reorganization, and combination of files, as well as the removal of records from the data management systems, that were no longer of value or utility. ISS introduced a document status and locator system that significantly reduced the processing time for name traces and freed clerical and analytical personnel for other duties. OCR reported the utliization of two-sided mode Xerox for copying material, the use of Xerox microfilm in lieu of reader printout, and the ordering of documents by microfiche instead of hard copies. NPIC, OP, and



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estimates by closing one of their bases and switching to 3- vice
2-year tours, they have saved this year and estimate 25x1
over savings in ensuing years. SOG reported that
making their aircraft available to other Agency components for
use, the Agency has saved over in the last 6 months 25X1
in commercial and military air fares. Additionally, they have
transferred or loaned various types of sophisticated communica-
tions and photographic equipment to offices throughout the
Agency, including an aeriel camera and test equipment to NPIC 25X1
valued at DDS&T components reported savings of over 25X1
in one-time costs through various types of contract
negotiations. Significant among these was the decision to under-
take a specialized modeling project on an in-house versus an 25X1
outside contract, with a net savings of The Office of
Logistics realized a savings of by using commercial
outside contract, with a net savings of The Office of Logistics realized a savings of by using commercial airlines in lieu of military aircraft for shipment of sophisti
cated comm <u>unications</u> equipment to an overseas location, and an
additional savings by opening up a sea shipment route 25X1
to replace the air route normally used. 25X1

e. (U) The summaries listed above reflect only the more significant areas of saving and do not do justice to the many individuals who contribute to this program. A complete list of the savings reported would be too numerous and diversified to report here; however, the individual reports submitted by each office are available for review upon request. Possibly more significant than all of the entries listed under the three categories above is the evident awareness by Agency personnel at all levels of the importance of reducing daily operating costs within the Agency.

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R	OUTING A	ND RECOR	D SHEET
SUBJECT: (Optional) Agency Cos	t Reducti	on Progra	m for FY 1977
FROM: Chief, Management Assessment Staff 7C18 HQS	ξ , DDA 25X1	EXTENSION	DATE 12 January 1978
TO: (Officer designation, room number, and building)	DATE RECEIVED FORW	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
DD/Pers/P&C 1006 AMES	1144 4	n Am	Attached is a copy of the report that was submitted to
canal Alsfile)			the DCI summarizing the re- sults of the Agency's inflation fighting and cost
* (Plofile)			reduction program for FY 1977. Please note the DCI's com- ment on the covering memo-
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